

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (E 338-E) for Authority to Institute a Rate Stabilization Plan with a Rate Increase and End of Rate Freeze Tariffs.	Application 00-11-038 (Filed November 16, 2000)
Emergency Application of Pacific Gas and Electric Company to Adopt a Rate Stabilization Plan. (U 39 E)	Application 00-11-056 (Filed November 22, 2000)
Petition of THE UTILITY REFORM NETWORK for Modification of Resolution E-3527.	Application 00-10-028 (Filed October 17, 2000)
Order Instituting Rulemaking Regarding the Implementation of the Suspension of Direct Access Pursuant to Assembly Bill 1X and Decision 01-09-060.	Rulemaking 02-01-011 (Filed January 9, 2002)

**ADMINISTRATIVE LAW JUDGES' JOINT RULING
REGARDING THE PROCESS TO IMPLEMENT
DIRECT ACCESS COST RESPONSIBILITY SURCHARGES**

This ruling is jointly issued in the above-captioned proceedings to coordinate implementation of the California Department of Water Resources (DWR) Power Charge component of the Direct Access Cost Responsibility Surcharge (DA CRS) components for calendar year 2003 pursuant to Decision (D.) 02-11-022. Because the actual numerical inputs needed to perform the DA CRS calculations are being implemented in conjunction with the DWR Revenue

Requirements for 2003 in Application (A.) 00-11-038 et al., this ruling is being jointly issued in both dockets.

D.02-11-022 adopted policies and procedures for determining the DA CRS, but directed that a further compliance workshop be convened to determine the actual numerical values, and to implement actual utility compliance tariff filings. D.02-11-022 calls for the implementation process for DA CRS to be integrated and coordinated with the implementation of the DWR revenue requirements in A.00-11-038 et al. This ruling addresses process for coordinating the implementation of the DA CRS tariff elements.

For purposes of computing the DA CRS for 2003, it will be necessary to rerun the ProSym computer model and perform related calculations to reflect the modeling and resource assumptions underlying the DWR revenue requirement being implemented in A.00-11-038 et al. It will be necessary to calculate and implement the applicable surcharge elements to be assessed on DA customers covering the following periods: (1) September 21, 2001 through December 31, 2002; and (2) the 12 months beginning January 1, 2003.

The ALJ's Proposed Decision and Commissioners' Alternate Proposed Decisions regarding the 2003 DWR revenue requirement in A.00-11-038 et al. have been mailed, and are scheduled for Commission consideration at its December 17, 2002 meeting. Thus, the implementation of a workshop process to incorporate the resource and modeling assumptions underlying the adopted DWR power charges into the DA CRS will necessarily extend beyond January 1, 2003.

Preliminary Tariff Filing Implementation

Although the determination of actual DA CRS components for the DWR power charges must await the conclusion of the implementation workshop, there

is no need to delay the implementation of the 2.7 cents/kWh DA CRS, as adopted in D.02-11-022. Even without rerunning the model, parties already know that a capped charge of 2.7 cents/kWh has been authorized for collection beginning January 1, 2003. Thus, interim utility tariff filings can be made subject to adjustment to begin the billing and collection of the 2.7 cents from applicable DA customers as of January 1, 2003.

Accordingly, in the interests of expediting the recovery of DA CRS revenues, a two-step process is contemplated. The first step will entail an advice letter compliance filing to provide for the implementation of the 2.7 cents/kWh DA CRS on January 1, 2003 on an interim basis. It is contemplated that the Commission's decision implementing the 2003 DWR power charge revenue requirements will formally direct the utilities to file compliance tariffs to implement the 2.7 cents/kWh DA CRS effective as of January 1, 2003. To the extent that the Bond Charge has not yet been incorporated into the tariffs by January 1, 2003, a larger share of the 2.7 cents can be applied to the DWR power charge during the interim period. Parties are hereby given notice that an ordering paragraph directing the utilities to file compliance tariffs implementing the 2.7 cents surcharge will be considered by the Commission in finalizing the DWR revenue requirements decision. Parties may file comments, if they so choose, regarding the insertion of an ordering paragraph requiring tariff filings to implement the 2.7 cents DA CRS in advance of the modeling implementation workshops. Any party filing such comments shall do so by 5:00 p.m., Friday, December 13, 2002.

Subsequent DWR Modeling Compliance Workshop

The second step in the DA CRS implementation process will require DWR/Navigant, in cooperation with the utilities, to perform an updated ProSym

modeling run to compute the incremental DWR power charges resulting from the DA-in/DA-out methodology adopted in D.02-11-022, as described in Appendix F of that Decision. For purposes of the model runs, DWR shall use resource and modeling assumptions, including the prices and quantities of surplus power sold off-system, that are consistent with the DWR revenue requirements for its 2003 power charges as implemented by the Commission's DWR Revenue Requirements Decision in A.00-11-038 et al.

Based on the results of the calculations produced through the workshop process, and in recognition of any comments filed thereon, each of the utilities will then be ordered to file advice letters to implement necessary tariff changes to reflect the appropriate DA CRS elements. Although D.02-11-022 imposes an interim cap of 2.7 cents/kWh on the actual amounts collected from DA customers, the applicable tariff charges resulting from the workshop will reflect the total DA CRS elements. To the extent the actual DA CRS obligations are not fully recovered from the 2.7 cents/kWh currently subject to collection from DA customers, each of the utilities shall establish the requisite record keeping to track the shortfalls, with accrued interest, as prescribed in D.02-11-022. A further ruling addressing the schedule and process for the workshop and implementation of the resulting DA CRS requirements shall be issued subsequent to issuance of the Commission's decision regarding the 2003 DWR revenue requirements.

IT IS RULED that:

1. In the interests of an expediting the start of recovery of Direct Access Cost Responsibility Surcharge (DA CRS) revenues, parties are placed on notice that in finalizing the Commission decision on the 2003 the Department of Water Resources (DWR) revenue requirement, language may be added directing each

of the utilities to file advice letter compliance tariffs to implement the 2.7 cents/kWh DA CRS on an interim basis to become effective on January 1, 2003.

2. The language proposed to be added would provide for the DA CRS compliance tariffs to take effect as of January 1, 2003, upon review by the Commission's Energy Division, absent any filed protests or further action by the Commission.

3. Parties may file comments, if they so choose, regarding the insertion of an ordering paragraph in the DWR revenue requirements decision requiring compliance tariff filings to implement the 2.7 cents DA CRS on January 1, 2003, in advance of modeling implementation workshops. Any party filing such comments shall do so by 5:00 p.m., Friday, December 13, 2002.

4. A further ruling addressing the schedule and process for the DWR workshop and implementation of the resulting DA CRS requirements shall be issued subsequent to issuance of the Commission's decision regarding the 2003 DWR revenue requirements.

5. This ruling applies to parties in both Application 00-11-038 et al., and Rulemaking 02-01-011, and is being filed and served in both proceedings.

Dated December 10, 2002, at San Francisco, California.

/s/ THOMAS R. PULSIFER

Thomas R. Pulsifer
Administrative Law Judge

/s/ PETER V. ALLEN

Peter V. Allen

A.00-11-038 et al. TRP/PVA/sid

Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judges' Joint Ruling Regarding the Process to Implement Direct Access Cost Responsibility Surcharges on all parties of record in this proceeding or their attorneys of record. In addition, service was also performed by electronic mail.

Dated December 10, 2002, at San Francisco, California.

/s/ FANNIE SID

Fannie Sid

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.